

VZCZCXRO7624  
OO RUEHCHI RUEHDT RUEHHM  
DE RUEHBK #0712/01 0360918  
ZNY CCCCC ZZH  
O 050918Z FEB 07  
FM AMEMBASSY BANGKOK  
TO RUEHC/SECSTATE WASHDC IMMEDIATE 4557  
INFO RUEHZS/ASSOCIATION OF SOUTHEAST ASIAN NATIONS  
RUEHBJ/AMEMBASSY BEIJING 3601  
RUEHBY/AMEMBASSY CANBERRA 6640  
RUEHUL/AMEMBASSY SEOUL 2645  
RHEHNSC/NSC WASHDC  
RHEFDIA/DIA WASHDC  
RHHMUNA/HQ USPACOM HONOLULU HI  
RHHMUNA/CDR USPACOM HONOLULU HI  
RHFJSCC/COMMARFORPAC  
RUCPDOG/DEPT OF COMMERCE WASHINGTON DC  
RUEATRS/DEPT OF TREASURY WASHINGTON DC  
RUEAIIA/CIA WASHINGTON DC

C O N F I D E N T I A L SECTION 01 OF 04 BANGKOK 000712

SIPDIS

SIPDIS

PACOM FOR FPA HUSO  
NSC FOR MORROW

E.O. 12958: DECL: 02/04/2017  
TAGS: [PGOV](#) [PHUM](#) [PREL](#) [KDEM](#) [TH](#)  
SUBJECT: CAN'T ANYBODY HERE PLAY THIS GAME?

REF: A. BANGKOK 499 (RECENT THAI ECONOMIC POLICY - WHY?)  
[1](#)B. BANGKOK 261 (DPM EXPLAINS FBA AMENDMENTS)  
[1](#)C. 06 BANGKOK 7484 (THAI MARKETS FALL HEAVILY IN  
WAKE OF BOT CAPITAL CONTROLS)  
[1](#)D. 06 BANGKOK 7388 (LUNCH WITH SURAYUD)  
[1](#)E. 06 BANGKOK 7133 (THAILAND PREPARING CL FOR  
HIV/AIDS DRUG)

Classified By: Ambassador Ralph L. Boyce, reason 1.4 (b) and (d).

[1](#)1. (C) Summary: The current leadership has so far been unable to deliver what it promised with the September 19 coup: accountability from Thaksin for his alleged corruption and hijacking of democracy, and sound leadership to reunify the country during the transition back to democratically-elected government. The government has been undercut by fractious ministers pursuing their own dubious agendas and cautious bureaucrats who want to be sure to pick the winning side in the current power struggle. The disarray in policy-making, and the lack of accountability for officials, has had serious consequences. It has caused the CNS/government to lose much of the popular support it had immediately after the coup, alienated foreign business, and interfered with the government's ability to resolve serious problems, like finding the perpetrators of the New Year's Eve bombings. Last year, some of the "Bangkok elite" questioned whether western-style democracy was really suitable for Thailand. There are lingering concerns about the dangers of populism, but this government's performance has helped dampen any nostalgia about the rule by the so-called "elite." End Summary.

[1](#)2. (C) In the aftermath of the September 19 coup, one of the important questions was whether the military would dictate government policy, or whether the (recently) civilian Prime Minister would run things. Near five months later, the answer seems to be that no one is effectively in charge of creating and pursuing a coherent national policy.

A SIMPLE PLAN  
-----

[1](#)3. (C) The Council for National Security (CNS) and the government started out with what seemed like a reasonable plan: Focus on Thaksin's corruption as the vehicle for

discrediting him and barring his return to politics. Have a transition process that was long enough to "de-Thaksinify" politics, but not so long as to provoke unrest. Fix the problems in the 1997 Constitution that they saw as allowing one man to monopolize Thai politics. Trade on the good reputation of the army to win public support, and drape everything in the mantle of the King. Have a competent, respected, senior cadre of ministers who could keep everything on an even keel for the transition.

14. (C) Nearly five months later, it is clear that the plan is not working. On the most practical level, the leadership has been repeatedly undermined by their own appointed cabinet, legislative assembly, and by the bureaucracy. PM Surayud made clear that he wanted to focus on a few key issues, primarily the unrest in the South, police reform, and the vaguely defined need for "reconciliation" (ref D). The Deputy Prime Ministers are doubled-hatted with economic portfolios. Absent strong leadership, ministers and appointed legislators (many brought back from retirement for one last hurrah) have seen their chance to advance their personal agendas, without all the bother of having to coordinate with other ministries, or consider any external factors. There are no consequences for stepping out of line, embarrassing the government, making your own policies, or causing spectacular public failures.

#### THE BICKERING BEGINS

-----

15. (C) It started with the morality issues, particularly the lottery. DPM Pridyathorn tried, in November, to rehabilitate the dodgy state lottery (rumored to be a source

BANGKOK 00000712 002 OF 004

of slush funds for Thaksin), making sound arguments about the usefulness of the revenue. The 'old fogey' faction in the NLA revolted, citing moral and religious objections to gambling. Prasong Soonsiri -- himself part of the 'inner circle' of the leadership -- led the charge. Within a week, the government, publicly humiliated, had to withdraw their proposed legislation, and submit it to a protracted process of study and negotiation, still ongoing. There was a series of similar skirmishes around alcohol advertising and "coyote dancing," issues which appeared to preoccupy the legislature in the weeks after the coup (ref D).

16. (C) The government quickly understood that the issue of lifting martial law was of the greatest concern to the international community. Yet, instead of having a coordinated response, the CNS and members of the cabinet vied with each other to give conflicting reports to the media and interlocutors. The Defense Minister told the media in early November that the partial lifting of martial law would "definitely take place" before the APEC meeting November 17. The Prime Minister contradicted him the next day. The Minister then announced that the matter would be considered by the next cabinet meeting. The PM was subsequently forced to announce that it hadn't been. The PM told President Bush in Hanoi that martial law would be lifted in early December, but by the end of November the consensus was for only a partial lifting. The CNS recommended that martial law not be lifted in Bangkok and surrounding areas. The government rejected this proposal, and lifted martial law in the capital and environs. The enabling decree then entered the twilight zone for some two months, as the Defense Ministry had questions about the "nomenclature" of some of the districts to be listed. Reasons for the long delay are not clear: incompetence is a possible exclamation, as is a rear-guard action by bureaucrats in the Defense Ministry, stringing out the process in order to preserve their martial law power as long as possible. What is clear is that on this very important issue, the government and CNS seemed to have no real plan of how to proceed.

17. (C) The same disarray has hampered progress on important

security issues, perhaps best exemplified by the ineffective investigation into the New Year's Eve bombings. The police commissioner, General Kowit, has been the target of endless criticism, first as a former cohort of Thaksin whose current loyalties are unclear, and then as an incompetent leader of an unreliable police force. Immediately after the coup, Kowit raised hackles by promoting known Thaksin supporters to senior police position, but was allowed to remain in place. Since the bombings, there have been renewed rumblings that he will finally get sacked, including pointed criticisms from CNS member Gen. Saprang -- and yet he continues in his position. An array of police agencies are currently contending over the investigation of the bombing (evidence is in the hands of at least three separate agencies now) with no one enforcing coordination. The bombings, and the lack of progress in the investigation have contributed greatly to the rapidly falling popularity of the CNS/government.

#### MINISTERS SPEND GOVERNMENT'S POLITICAL CAPITAL

-----

18. (C) Refs A - C document the controversial policies advanced by the Finance Minister/DPM, who has demonstrated a particular talent for bad policy-making. The introduction of capital controls was followed by a more than 15 percent decrease in stock prices, and proposed revisions to Foreign Business Act threaten to scare off needed investment. But the Health Minister runs him a close second. The Ministry recently announced that it would pursue compulsory licenses for several drugs (ref E). According to one drug company affected, DPM Pridiyatorn told them that the Health Minister had not consulted Surayud before making the decision. Surayud reportedly raised the matter in a cabinet meeting after the negative international response, saying plaintively that he has a role and should be consulted. All of this undermines the government's efforts to build its international image and refute Thaksin's claims that he was a

BANGKOK 00000712 003 OF 004

better leader on economic issues.

19. (C) One veteran politician explained the problem this way: If a political party wins the elections and chooses someone for a minister slot, the person is grateful for the job which he owes to the party leadership. But now, the ministers feel like they have done the government a favor, lending their legitimacy to the coup. They are not constrained by gratitude. The politician said he warned Surayud that "you came to office with a lot of political capital, but your ministers are spending your capital for you."

#### BUREAUCRATS WAITING IT OUT

-----

110. (C) Bureaucrats are also playing their own game. The Assets Examination Commission (AEC) has had apoplexy over the failure of bureaucrats to provide the information they require to pursue corruption cases in court. The law requires the affected agency to file a complaint specifying the amount of the damages caused by the corruption, in order for a case to proceed. Agencies have not been forthcoming, nor, according to the AEC, have they responded to the AECs, requests for information. The AEC has threatened to file malfeasance charges against bureaucrats who do not provide evidence required to assist in the investigations. (Meanwhile, the AEC, which spent much of the autumn announcing the imminent release of indictments which never materialized, continues to work on apparently dozens of cases at once, without getting far enough on any of them to bring a case to court. This despite the fact that the coup's legitimacy will depend, in large part, on finding compelling evidence of Thaksin's personal corruption to bring before the court of public opinion, at least, if not an actual court.)

111. (C) Why are the bureaucrats obstructive, especially

since the bureaucracy as, on the whole, anti-Thaksin and tended to support the coup? First of all, given the general incompetence of the current government, fears are increasing that Thaksin will make a comeback. Even if he does not, everyone knows that this government has only a short time left in office. The bureaucrats can wait them out, rather than stick their necks out during this uncertain period. There are allegations that, as senior bureaucrats did not do anything to stop corrupt practices by TRT ministers, they fear that they will be punished along with their erstwhile masters if cases become public. We have also heard that, in other cases, bureaucrats are afraid that they'll be sued sometime down the road, as the rich and powerful who may be targeted by these investigations take retribution on their opponents once this government is gone. There is no whistleblower law to protect civil servants.

#### WHAT ABOUT THE PRIME MINISTER?

-----

¶12. (C) Surayud appears increasingly detached from it all. A long-time friend of the PM recently told Econoff, "I asked Surayud if he wants to be Prime Minister, and he said no." This is neither a secret nor a recent development; Surayud has said the same thing to us. Publicly, he has pointed that he turned down the job the first two times that coup leader Gen. Sonthi asked him. Another observer has told us that, before the coup, Surayud's highest aspiration had been one day to replace Gen. Prem as the head of the Privy Council. It is generally believed that Surayud longs to return to his retirement house by the golf course. But the prospects of getting someone better to fill the position for the few months until elections are slim. DPM Pridyatorn, having led the assault on the Thai stock market with his capital controls, would not be considered an improvement, especially if the economy continues to slow.

#### COMMENT

-----

¶13. (C) The ruling class of the country, in short, is

BANGKOK 00000712 004 OF 004

acting like a room full of school kids with a substitute teacher. The junta might have been strong enough in the beginning to enforce some discipline, but it did not try, and now it's too late. This disarray is behind some of the talk -- fearful or hopeful, depending on the source -- of a "coup within a coup" or "re-coup," which would enable elements of the CNS to assert strong leadership, dismiss the nattering ministers and legislators and replace them with a more controllable group. While nothing can be ruled out, no one in the CNS or government retains sufficient popularity to pull off such a stunt without significant popular opposition, and they all probably know that. Unless something changes, the government and the generals appear resigned to slogging dejectedly through the next few months until elections. There may be one good result from all this: last year, we heard many education contacts in Bangkok complain that western-style democracy might not be suited to Thailand. They yearned for governance by "good men," educated and professional, who did not have to win office through the corrupting procedure of partisan elections. Well, that's what they have now, and it clearly isn't working out so well.

BOYCE